



Children's Action Alliance

A Voice for Arizona's Children since 1988

Board Chairman

Greg Wells

Board of Directors

Rhonda Anderson
Maxine Brandenburg
René Diaz, EdD
Kay Ekstrom
Gregory Ensell
Hon. (Ret.) Patricia Escher
Joanie Flatt
Joseph Garcia
Jack Gibson
Nora Hannah
Jill Harrison
Jenny Holsman Tetreault
Kimberly LaMar, ND/DNP
Gifford Loda
Tania Torres Marquez
H. Brinton Milward
Janice E. Myers
Elizabeth Reich
Hon. Claudia Walters
Hon. Carolyn Warner
Judith Weiss
Hon. Corey Woods

President and CEO

Dana Wolfe Naimark

Past Board Chairmen

Rhonda Anderson
Nadine Mathis Basha
David J. Bodney
Rick DeGraw
Mark DeMichele
Nora Hannah
Win Holden
Eldon Kramer
Susan Navran
Christine Nowaczyk
Dan Schweiker
Jacque Steiner (deceased)

Tucson Office

33 S Fifth Avenue
Tucson, AZ 85701
(520) 329-4930
dhiguera@azchildren.org

December 6, 2015

The Honorable Sylvia Mathews Burwell, Secretary
Department of Health and Human Services
200 Independence Avenue SW
Washington, DC 20201

Re: Arizona Proposed Extension to Arizona Health Care Cost
Containment System 1115 Waiver Demonstration

Dear Secretary Burwell:

Children's Action Alliance appreciates the opportunity to provide comments regarding the proposed extension to the Arizona Health Care Cost Containment System (AHCCCS) Section 1115 Waiver Demonstration. As a non-partisan, non-profit children's advocacy organization, Children's Action Alliance has worked over the past 27 years to improve the health, education and security of Arizona's children. We believe that AHCCCS is an important partner to our mission given that 40% of Arizona's children have health coverage through the Medicaid program.

We appreciate AHCCCS's openness to include a community comment period and make substantive changes to the proposal based on continuing input and discussions. Caps on new premiums and the inclusion of exemptions for TANF parents and caretakers of persons with disabilities highlight the thoughtful approach of the administration.

However, we believe that the continued inclusion of parents under the Medicaid Expansion adult category in the proposal will have a negative spillover effect on children's health and well-being. Numerous studies, including one by the US Government Accountability Office, show that a child is significantly more likely to have public insurance if his or her parent has public insurance. Due to the close connection between parent and child enrollment, we are concerned that requiring eligible parents between 100-138% FPL to participate in the CARE program may result in more uninsured kids.

Specifically, parental coverage also affects children's economic security and children's overall well-being – healthier parents make better parents with more stable families. We are concerned that the loss of coverage for parents who do not meet the new requirements will negatively affect the health and security of their children.

As a state that ranks among the highest in the percentage of uninsured children, any reform proposal should aim to give children in Arizona more opportunity to access affordable, quality health care. Novel approaches to payment and delivery reform such as those proposed in this waiver will also be more effective, efficient, and sustainable if the uninsured are enrolled in health coverage.

Premiums and AHCCCS CARE Account: We believe that punitive enforcement measures aimed at fostering self-responsibility can instead prevent enrollees from maintaining continuity of health care and coverage. A debt to the state or disenrollment for someone who cannot afford contributions to the CARE Account does nothing to improve an enrollee's health or work prospects. Removal of Medicaid benefits from a parent for failure to pay premiums or co-pays will diminish health and stability for both parents and their children.

To better meet the objective of expanding health options for enrollees, we recommend that the CARE Account serve as an optional feature that participants can opt in to. We also suggest allowing participants to use their contributions to the account for co-pays so that it more accurately reflects the application of health savings accounts.

Non-emergency medical transportation: We do not support the elimination of non-emergency transportation. Arizona is experiencing significant healthcare workforce shortages, especially in rural and highly rural areas. The federal government has deemed many areas of the state as medically underserved or health professional shortage areas. Access to medical professionals is an on-going concern, which is exacerbated by a relatively weak public transit system in the state's urban hubs and large rural areas spanning the rest of the state.¹ It is also a critical public health issue during the summer season when temperatures in parts of the state reach over 115 degrees and people need to travel long distances to see a provider. Non-emergency transportation is a critical component of the delivery system for Medicaid recipients who have no other means of transportation.

Legislative Proposals on time limitations and work requirements: We oppose arbitrarily assigning time limitations on Medicaid and tying Medicaid to a work requirement. Health coverage itself is a work support – it helps people get and stay healthy enough to find jobs and keep working. Making work a requirement for health coverage reverses and undermines the importance coverage brings as a work support. This will result in parents losing coverage and worse economic and health outcomes for the whole family.

Children's health coverage and the Safety Net Care Pool: We see a large gap in the proposal since reinstatement of the state's Children's Health Insurance Program, or

¹ See St. Luke's Health Initiatives <http://slhi.org/health-workforce-healthy-economy-january-2015/>
Five Thirty Eight <http://fivethirtyeight.com/datalab/how-your-citys-public-transit-stacks-up/>

KidsCare, is not being discussed as part of a comprehensive effort to address the high percentage of uninsured children in Arizona.

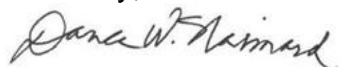
The SNCP was originally established to support safety net, rural and critical access and Disproportionate Share Hospital providers to address uncompensated care costs. We understand the importance of the proposed Safety Net Care Pool transition to address the Medicaid shortfall for the high acuity patients served by Phoenix Children's Hospital (PCH). But this SNCP plan does nothing to address the disproportionate impact of uninsured children across the entire health system, particularly in safety net hospitals and other providers who are experiencing uncompensated costs.

As Arizona is requesting an extension for SNCP, the state has not accepted full federal funding to re-open its CHIP program. KidsCare was frozen in 2010 and subsequently re-opened under KidsCare II as a key condition of the original SNCP agreement in 2012. KidsCare II sunset in January 2015 with the full implementation of the Affordable Care Act and new marketplace plans. Without the availability of KidsCare, families face unaffordable levels of cost sharing through private plans and the Marketplace QHPs. Arizona's high rate of uninsured children underscores the need to provide strong coverage options for kids. Arizona stayed, for the fifth year running, near-bottom among states (49th) in its rate of uninsured children (10 percent), with about 162,000 remaining uninsured.² In fact, the 2014 Census data show that Arizona has the highest rate in the nation of uninsured children in the KidsCare income eligible range at 16.5% (138% to 199% of FPL).

By addressing a single provider, the SNCP extension does not account for critical access hospitals, FQHCs, rural and highly rural, and small providers who are equally subject to uncompensated care costs. Lifting the freeze on KidsCare should be part of a more comprehensive plan to address uncompensated care across the entire health system. Working with CMS on Arizona's allotment of federal CHIP funds, this can be accomplished without any cost to the state for at least two years. While KidsCare operates under a separate funding mechanism, the SNCP extension request represents an important opportunity for Arizona to propose how its waiver strategy complements broader efforts to address issues around children's health coverage.

Thank you for the opportunity to comment on these proposals which will shape the future of children's health in Arizona. We commend your leadership and commitment to high quality, accessible, value based health care for Arizonans. We welcome any opportunities to collaborate or discuss further our comments and concerns.

Sincerely,



Dana Wolfe Naimark, President and CEO

² J. Alker and A. Chester, "Children's Health Insurance Rates in 2014: ACA Results in Significant Improvements" Georgetown Center for Children and Families (October 2015), available at <http://ccf.georgetown.edu/>